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C O N F I D E N T I A L SECTION 01 OF 03 BEIJING 005972

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TAGS: [PREL](#) [KNNP](#) [ETTC](#) [ENRG](#) [IAEA](#) [IN](#) [PK](#) [CH](#)
SUBJECT: PRC/INDIA: ACADEMICS SKEPTICAL OF U.S.-INDIA
CIVILIAN NUCLEAR DEAL IN MEETING WITH VISITING STAFFDEL
GILLEY

REF: BEIJING 5272

Classified By: Political External Unit Chief Edgard Kagan. Reasons 1.4
(b/d).

Summary

1. (C) In reaction to the U.S.-India civilian nuclear cooperation agreement, China should review the multilateral agreements it participates in that the United States is also a party to, according to the China Institutes for Contemporary International Relations Assistant President Yang Mingjie. Beijing is concerned that the U.S. government favors bilateral ties over multilateral mechanisms and is working to undermine multilateral organizations. The PRC worries that the U.S.-India agreement will negatively impact and erode the authority of the Nonproliferation Treaty and the Nuclear Suppliers Group. China's position on the nuclear cooperation agreement is based on formal principles and is not country specific. China objects to the deal because it violates international treaties and weakens multilateral organizations. Furthermore, the agreement has the ability to undermine regional stability, could spark competition in nuclear cooperation and increases the possibility of terrorists acquiring nuclear material. Pakistan has asked China for help with its civilian nuclear program but it has criticized the PRC for being reluctant to cooperate. Beijing has had no formal contact with New Delhi regarding the proposed agreement. End Summary.

PRC Should Reassess Multilateral Agreements

2. (C) Visiting Staffdel Gilley met March 22 with academics from the China Institutes for Contemporary International Relations (CICIR), a government-sponsored think-tank reportedly affiliated with the Ministry of State Security, to discuss the U.S.-India Civilian Nuclear Cooperation Agreement. The comments amplified concerns the Staffdel heard the previous day from an MFA Arms Control official (reftel). CICIR Assistant President Yang Mingjie said China should review the multilateral agreements it participates in with United States in light of the U.S.-India civilian nuclear cooperation agreement. Beijing is concerned that the U.S. Government favors bilateral ties over multilateral mechanisms and is working to undermine multilateral organizations. Yang said that the proposed U.S.-India civilian nuclear cooperation agreement is just another example of what China perceives as a "trend" of the United States downgrading the importance of multilateralism. Yang complained that the US-India agreement allows the United States to act as the arbiter of which countries are deemed responsible.

Impact on NPT and the NSG

13. (C) The CICIR academics worry the U.S.-India deal will negatively impact and erode the authority of the Nonproliferation Treaty (NPT) and the Nuclear Suppliers Group (NSG). Yang asked the point the NPT if a country can decide on its own whether to sell nuclear technologies to a non-NPT member. (Comment: Overlooking the history of PRC cooperation with Pakistan. End Comment.) Beijing is concerned that a new international code of conduct will develop as a result of the U.S.-India deal. In response to McCormick's comment that the IAEA Director General had endorsed the agreement as beneficial to strengthen nuclear safeguards, CICIR Deputy Director for the Institute of Strategic Studies Ouyang Liping claimed that the United States "overly influences" ElBaradei. Yang noted that as relatively new member of the NSG, an organization that China has long tried to become a party to, Beijing now has questions for the NSG on its decision-making mechanisms. China most likely will observe how the NSG handles the U.S.-India deal rather than presenting its opinions on the issue. However, the PRC is concerned that the NSG faces the same dilemma as the NPT. If one country is willing to make unilateral decisions, then "what's the point," Yang asked. The PRC also sees civilian cooperation as just the tip of the iceberg and worries that the United States in the future will make concessions to India on missile programs as well.

Impact on Regional Stability

14. (C) The U.S.-India agreement has the potential to

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undermine regional stability and has serious implications for South Asian relations, according to Yang. The deal could also create competition in nuclear cooperation between the United States, the European Union and Russia, since the three will want to sell nuclear technologies to India. Dr. Li Wei, Director of the CICIR Center for Counterterrorism Studies, also pointed out that the competition to sell nuclear technologies could lead to the proliferation of WMD to terrorists as companies rush to gain footholds in new markets. The deal also undermines international efforts to prevent and eliminate nuclear weapons programs in the DPRK and Iran, according to Yang.

Perspective on Pakistan

15. (C) The U.S.-India deal was a "slap on the face" for Pakistan President Musharraf, Yang stated. Musharraf has a precarious hold on power and Pakistani opposition to the deal could lead to protests that challenge Musharraf's position. Yang said that the deal has made it difficult for Musharraf to defend Pakistan's cooperation with the United States to fight terrorism while the United States ignores Pakistan's concerns about India's growing military strength. Hu Shisheng, Director of CICIR's South Asian Studies Division, said that the deal has destroyed the nuclear balance between Pakistan and India and as a result Pakistan feels threatened. This will have a negative effect on the Pakistan-India peace process. Pakistan's foreign policy is India-centered and its success is measured by keeping pace with India's foreign policy achievements, Hu argued.

16. (C) Hu asked if the United States is willing to consider compensating Pakistan to in order to balance the deal with India and if so, how might India react? China is concerned about the creation of a vicious circle of balancing India and Pakistan relations. McCormick responded that the United States conducts its foreign policy with India and Pakistan on an individual basis and does not link the two countries. At the same time, the United States is aware that Pakistan will

be seeking some sort of compensation as a result of the U.S.-India nuclear agreement. McCormick asked the Chinese side what sort of response Pakistan has sought from China? Dr. Yang said that Pakistan has asked China for help with its civilian nuclear program but is not satisfied with Beijing's response. Pakistan has criticized the PRC for being reluctant to cooperate with Islamabad on nuclear issues. Yang said that it is not easy to work with Pakistan, noting that the society is divided between different extremist factions and some regard both the United States and China as enemies since they cooperate with India. Yang claimed that is why Chinese citizens are being killed in Pakistan.

Perspective on India

¶7. (C) Pointing out that India needs to understand how other countries will react to its participation in the U.S.-India agreement, Gilley asked the academics if China has had direct discussion with India on the deal. Dr. Yang said that Beijing has had no formal contact with New Delhi regarding the proposed agreement. (Comment: This does not track with some of our discussions with MFA officials, who have mentioned briefings by the Indians in Beijing as well as New Delhi. End comment.) China's position on the nuclear cooperation agreement is based on formal principles and is not country specific, he asserted. China objects to the deal not because it involves the United States and India but because the deal violates international treaties and weakens multilateral organizations and mechanisms. Yang said that India is not worried about other countries, attitudes towards it and is very relaxed about possible international opposition to the agreement. New Delhi has said that it is the United States' responsibility to assuage international angst over the proposed deal.

How Will India Declare its Nuclear Programs?

¶8. (C) Beijing is concerned about how India will declare its civilian nuclear reactors, stated Ouyang, who asked if the U.S. Congress will put preconditions or caps on the deal. Ouyang said that it is dangerous not to have oversight of India's nuclear military facilities. Beijing is concerned that future reactors built in India will fall outside of IAEA safeguards and oversight as China believes the U.S.-India agreement encourages India to label new reactors as part of its military program. Dr. Yang pointed out that the United

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States aided India's civilian nuclear program in the 1950s and 1960s only to have the India's use the assistance to build a weapons program.

Participants

¶9. (U) U.S. Participants:

-- Kristen Gilley, Senior Professional Staff, Committee on International Relations
-- James McCormick, Staff Director of the Subcommittee on Asia and the Pacific
-- Paul Kreutzer, Embassy Control Officer
-- Elise Williamson, Embassy Notetaker

CICIR Participants:

-- Yang Mingjie, Assistant President of CICIR and Director of the Institute for Security and Strategic Studies
-- Ouyang Liping, Deputy Director, CICIR Institute for Security and Strategic Studies
-- Hu Shisheng, Director, Division for South Asian Studies, CICIR Institute of Asia and African Studies
-- Li Wei, Director, CICIR Center for Counterterrorism Studies

-- Li Xie, CICIR International Exchanges program officer

¶10. (U) Staffdel Gilley did not have the opportunity to clear this cable.

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